

**STRATA JOINT SCRUTINY COMMITTEE
STRATA JOINT EXECUTIVE COMMITTEE**

DATE OF MEETING: 5 JANUARY 2023
17 JANUARY 2023

PUBLICATION DATE: 8 DECEMBER 2022

REPORT OF: STRATA FINANCE

SUBJECT: STRATA BUDGET MONITORING – OCTOBER 2022-23

1. PURPOSE

- 1.1 This report advises on the financial position of Strata at the end of October 2022.

2. BACKGROUND

- 2.1 The Company has been given a total of £6.92 million to run the IT Services in 2022-23 along with funding for various capital projects. The Company also maintains an account for additional purchases throughout the year, which is invoiced to each Council based on actual purchases made.

3. MAIN IMPLICATIONS

Strata Budget Monitoring to 31 October 2022

3.1 Savings as per Business Plan

The 2022-23 Interim Business Plan has revised the savings profile set out in the original Business Case over the initial ten year period of the Company. The savings were split into cashable revenue savings and savings to the Councils from not having to implement specific capital projects individually.

A breakdown of the revised saving summary is set out below.

		Projected Revenue Savings	Actual Revenue Savings	Variance
2015-16	Year 1	(262,098)	(232,000)	30,098
2016-17	Year 2	(20,000)	(100,000)*	(80,000)
2017-18	Year 3	(252,836)	(565,000)	(312,164)
2018-19	Year 4	(381,961)	(620,000)	(238,039)
2019-20	Year 5	(853,888)	(1,074,000)**	(219,641)
2020-21	Year 6	(696,167)	(1,051,000)***	(355,258)
2021-22	Year 7	(747,804)	(1,260,000)	(512,196)
2022-23	Year 8	(702,415)****		702,415
2023-24	Year 9	(851,074)		851,074
2024-25	Year 10	(905,398)		905,398
Total		(5,673,641)	(4,902,000)	

* Although savings of £310,000 were delivered, Strata asked for £210,000 to be used for specific service improvements. This was agreed by the three Councils.

** Strata reduced the payments for the Councils by £500,000 at the start of the year.

*** In response to the challenges the Councils faced as a result of the restrictions imposed in response to Covid-19 Strata identified an additional c£340,000 of one off savings on top of the £696,167. The outturn position was broadly in line with that projection.

**** It was identified that an additional cost for PowerBI Premium approved in addition to the original budget in the 2022-23 Business Plan was not reflected in previous reporting of the 2022-23 projected savings. The Projected Revenue Savings figure has been amended in the table above and in Appendix A accordingly.

3.2 Key Variations from Revenue Budget

In order to support Strata through a program of organisational change £469k of additional savings from the financial year 2021-22 were returned to Strata for revenue spend along with £44k for capital items. Strata is projecting a small additional surplus for the year (Appendix A). The key variations are set out below:

Expenditure Type	Projected Over / (Underspend) £	Detail
Employees	559,786	<ul style="list-style-type: none"> • Overspend due to: <ul style="list-style-type: none"> ○ Director of IT consultancy costs (partially funded by 2021-22 additional savings hand back) ○ organisational change consultancy costs (funded by 2021-22 additional savings hand back) and ○ 2022-23 pay award
Supplies & Services	(78,319)	<ul style="list-style-type: none"> • Lower spend than budgeted on key Microsoft products, WAN & Telephony contracts • Refund for overbilling on Telephony contract in 2021-22 • Partially offset by some higher than budgeted contract renewal increases and spend funded by 2021-22 additional savings hand back
Transport	(24,536)	<ul style="list-style-type: none"> • Significantly lower transport costs
Income - Revenue	439,926	<ul style="list-style-type: none"> • Additional income from 2021-22 additional savings hand back, partially offset by Teignbridge District Council Hardware Supplies budget hand back
Investment Income	(19,726)	<ul style="list-style-type: none"> • Higher interest income on cash balances than Budgeted

3.3 Council Recharge Account

The Councils also request additional equipment for which they are subsequently invoiced. This account is brought to zero at the year end.

RECOMMENDATIONS

4.1 That the Joint Scrutiny Committee and Joint Executive Committee note the contents of the report.

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